

**PUBLIC ROUNDTABLE ON
PROPOSED RESOLUTION 15-665**

**“DISPOSITION OF SQUARE 553, LOT 844, ALSO KNOWN AS
THE ARMSTRONG ADULT EDUCATION CENTER,
APPROVAL RESOLUTION OF 2003”**

BEFORE

THE COMMITTEE ON ECONOMIC DEVELOPMENT

**HAROLD BRAZIL, CHAIRPERSON
COUNCIL OF THE DISTRICT OF COLUMBIA**



**TESTIMONY OF STANLEY JACKSON, DIRECTOR
D.C. DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT**

WEDNESDAY, MARCH 17, 2004

GOOD AFTERNOON, CHAIRMAN BRAZIL, MEMBERS OF THE COMMITTEE, AND COUNCIL STAFF. I AM STANLEY JACKSON, DIRECTOR OF THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD OR THE DEPARTMENT). I AM PLEASED TO APPEAR BEFORE THE SUBCOMMITTEE TODAY TO PRESENT TESTIMONY IN SUPPORT OF PROPOSED RESOLUTION 15-665 AND TO RECOMMEND COUNCIL APPROVAL OF THE UNSOLICITED PROPOSAL SUBMITTED BY THE COMMUNITY ACADEMY PUBLIC CHARTER SCHOOL (CAPCS) FOR THE PURCHASE AND REDEVELOPMENT OF THE ARMSTRONG ADULT EDUCATION CENTER (ARMSTRONG), LOCATED AT 1400 1ST STREET, N.W., IN WARD 5. I AM JOINED BY PAUL COHN, WHO WORKED ON THIS TRANSACTION AS MY SPECIAL ASSISTANT.

SITE DESCRIPTION AND APPRAISED VALUE

ARMSTRONG IS IDENTIFIED FOR PURPOSES OF ASSESSMENT AND TAXATION AS SQUARE 553, LOT 844. IT CONTAINS 113,416 SQUARE FEET OF LAND ZONED R-4 AND WAS APPRAISED IN 2001 AT

\$1,540,000. THIS APPRAISAL IS BASED ON COMPARABLE SALES OF OTHER SCHOOL BUILDINGS FOR EDUCATIONAL USE AND REFLECTS ITS POOR INTERIOR AND EXTERIOR CONDITION. THE PURCHASE AND SALE AGREEMENT IS FOR \$900,000, WHICH REPRESENTS THE CHARTER SCHOOL DISCOUNT OF TWENTY-FIVE PERCENT, ESTABLISHED IN MAYOR'S ORDER 2000-150, AND REFLECTS THE POOR CONDITION OF THE FACILITY, ALONG WITH REASONABLE CREDITS TO MITIGATE PRE-EXISTING ENVIRONMENTAL CONDITIONS THAT MUST BE CORRECTED AS PART OF THE SALE.

BACKGROUND

IN OCTOBER 2000, THE DISTRICT CONCLUDED NEGOTIATIONS, WITH REPRESENTATIVES OF THE CHARTER SCHOOL MOVEMENT, WHEREBY ELEVEN SCHOOL BUILDINGS WERE MADE AVAILABLE FOR THE EXCLUSIVE BIDDING OF CHARTER SCHOOLS. TO MEMORIALIZE THE AGREEMENT, THE EXECUTIVE OFFICE OF THE MAYOR ISSUED MAYOR'S ORDER 2000-150. THIS ORDER, IN

KEEPING WITH THE REGIME OF SCHOOL BUILDING SALES THAT WAS IN EFFECT UNDER THE CONTROL BOARD'S AUTHORITY, OFFERED THE BUILDINGS TO CHARTER SCHOOLS AT A DISCOUNT THAT WOULD BE BASED ON THE APPRAISED VALUE OF THE BUILDINGS USED AS A SCHOOL.

DHCD WAS ASKED TO DISPOSE OF FOUR OF THE SCHOOLS. THE FOUR SCHOOLS WERE: THE GEORGE WASHINGTON CARVER SCHOOL, AT 45TH AND LEE STREETS, N.E.; THE ARMSTRONG ADULT EDUCATION CENTER, AT 1400 1ST STREET, N.W.; THE NICHOLS AVENUE SCHOOL, AT 2427 MARTIN LUTHER KING JR. AVENUE, S.E.; AND THE KINGSMAN SCHOOL, AT 1375 E STREET, N.E.

BEFORE YOU TODAY IS THE PROPOSED PURCHASE OF ARMSTRONG BY CAPCS. CAPCS PLANS TO RENOVATE THE FACILITY FOR EXPANSION OF ITS PRE-SCHOOL -8TH GRADE ENROLLMENT FOR AN ADDITIONAL 900 STUDENTS.

THE DISTRICT MADE ITS DECISION TO AWARD THE SALE OF ARMSTRONG TO CAPCS IN 2001. IN COMPLETION OF THE TRANSACTION, WE ENCOUNTERED A NUMBER OF IMPEDIMENTS, SUCH AS:

- **COMPLETION OF ENVIRONMENTAL STUDIES, IN MARCH 2002.**
- **LEAD-BASED PAINT ABATEMENT, ESTIMATES, AND REMEDIATION, SUBMITTED MAY 2002.**
- **CAPCS SUBMITTED ITS ESTIMATE FOR DEBRIS REMOVAL IN SEPTEMBER 2002.**
- **THE PURCHASE AND SALE AGREEMENT WAS SIGNED IN DECEMBER 2002.**
- **THE OFFICE OF THE CORPORATION COUNSEL RETURNED ITS LEGAL OPINION IN FEBRUARY 2003.**
- **CAPCS PROVIDED A LETTER OF COMMUNITY SUPPORT IN JUNE 2003.**

DUE TO THE AFOREMENTIONED DELAYS, WE COULD NOT COMPLETE THE TRANSACTION BEFORE COUNCIL SUMMER RECESS OF 2003.

PLANS GOING FORWARD

CAPCS SEEKS TO COMPLETE THIS TRANSACTION BY SPRING 2004, SO THAT IT MAY BEGIN WORK IMMEDIATELY. CAPCS ANTICIPATES AN EIGHTEEN-MONTH RENOVATION PERIOD TO BE COMPLETED FOR THE BEGINNING OF THE 2005-2006 SCHOOL YEAR. IN ADDITION, CLOSURE OF THIS TRANSACTION BY SPRING 2004 IS CRITICAL TO ENSURE THAT CAPCS FUNDING COMMITMENT, FROM THE FANNIE MAE FOUNDATION AND OTHER FUNDERS DOES NOT EXPIRE.

ECONOMIC FACTORS

THERE ARE FIVE KEY BENEFITS AND ECONOMIC FACTORS TO THIS TRANSACTION:

- **FIRST, THE RENOVATION OF THE ARMSTRONG ADULT EDUCATION CENTER WILL RID THE 1400 1ST STREET, N.W. (NORTH CAPITOL) COMMUNITY OF A VACANT AND BLIGHTED EYESORE WHICH ATTRACTS ACTIVITY THAT DOES NOT BENEFIT THE COMMUNITY.**

- **SECOND, THE REOPENING OF ARMSTRONG WILL ADD 900 NEW ALTERNATIVE EDUCATIONAL SLOTS.**
- **THIRD, THE PROCEEDS OF SALES WILL BE RETURNED TO THE D.C. PUBLIC SCHOOL FACILITIES FUND TO HELP FINANCE CAPITAL IMPROVEMENTS IN DCPS-CONTROLLED SCHOOLS.**
- **FORTH, THE RENOVATION OF ARMSTRONG WILL CREATE TEMPORARY CONSTRUCTION AND OTHER POSSIBLE PERMANENT EMPLOYMENT OPPORTUNITIES.**
- **FIFTH, THE REOPENING OF ARMSTRONG WILL BREATH LIFE BACK INTO THIS HISTORIC AND ONCE VERY PROUD INSTITUTION, WHICH EDUCATED GREAT AMERICANS SUCH AS DUKE ELLINGTON.**

CONCLUSION

IN CONCLUSION, CAPCS HAS SECURED COMMUNITY AND COUNCIL SUPPORT FOR THE PURCHASE AND RENOVATION OF THE ARMSTRONG ADULT EDUCATION CENTER. WE REQUEST

THAT THE COUNCIL APPROVE THE RESOLUTION, SO THAT THE BENEFITS TO THE COMMUNITY, AND TO THE SCHOOL SYSTEM, MAY BE REALIZED.

THIS CONCLUDES MY FORMAL REMARKS. HOWEVER, I WOULD BE PLEASED TO ADDRESS ANY QUESTIONS OR CONCERNS THAT THIS COMMITTEE MAY HAVE.